Annual Report

March 1, 1987 to December 31, 1987

SAMA

Saskatchewan
Assessment Management
Agency

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Letters of Transmittal

The Honourable F. W. Johnson
Lieutenant Governor
Province of Saskatchewan
Regina, Saskatchewan

Dear Sir:

I have the honour to submit herewith the First Annual Report for the Saskatchewan Assessment Management Agency. The Agency was created on March 1, 1987 and is governed by a Board of Directors controlled by local government officials. The agency's mandate is to supervise the assessment function, a duty previously performed by the Saskatchewan Assessment Authority.

The Assessment Management Agency operates on a calendar year and this report covers data from the Agency's inception, March 1, 1987 to December 31, 1987.

Respectfully submitted,

Jack Klein
Minister-in-charge
Saskatchewan Assessment Management Agency

Honourable Jack Klein
Minister-in-charge
Saskatchewan Assessment Mangement Agency
Legislative Building
Regina, Saskatchewan

Dear Sir:

On behalf of the Board of Directors, I have the honour to submit herewith the First Annual Report for the Saskatchewan Assessment Management Agency. The Agency was created on March 1, 1987 taking over the assessment function from the Saskatchewan Assessment Authority.

The Agency operates on a calendar year. The data in this report is based on work performed from March 1, 1987 to December 31, 1987.

Sincerely yours,

A. H. Hosie
Chairman
Saskatchewan Assessment Management Agency

Board of Directors

Board Members, left to right
Joe McKeown, SUMA Representative
Bernard Kirwan, SARM Representative
Arthur Hosie, Board Chairman (seated)
Alphonse Kirzinger, SSTA Representative
Don Abel, SUMA Representative
Karen Keuler, nominated by the Provincial Government (seated)
Sinclair Harrison, SARM Representative

Chairman's Remarks

1987 was a milestone year in the history of Saskatchewan's assessment system. Legislation was enacted which transferred governance of the assessment function from the Provincial Government to a Board of Directors controlled by local government officials.

The mandate of the Board is to establish a fair and equitable assessment system for Saskatchewan. To achieve this objective the Board set two primary goals: to consult with as many people and groups as possible in developing assessment policy, and to establish a system which is understood by the public and which is perceived to be fair and equitable.

As the majority of the board members are elected municipal officials, they are well aware of the impact of assessment policies on municipalities and taxpayers. As a result, the Board is focusing its energies on maintaining open and meaningful dialogue with municipal and other interest groups. In the year under review the Board met with members of the Canadian Petroleum Association, the Saskatchewan-Manitoba Implement Dealers Association, the Provincial Association of Resort Communities (P.A.R.C.S.), the Saskatchewan Department of Energy and Mines, the Saskatchewan Department of Rural Development, S.A.R.M., S.U.M.A., the Saskatchewan Business Alliance, the Saskatchewan Assessors' Association, representatives from the province's four major cities and numerous urban and rural municipalities.

The Board understands that the development of good assessment policy requires extensive statistical information. The newly formed Policy and Research Branch is providing this data and will be using its recently developed modelling capabilities to advise the Board on the potential impact of any changes in assessment policy.

Over the past year the Board has worked diligently to understand the issues affecting assessment. We greet the upcoming year with enthusiasm and confidence that we can provide positive direction in developing Saskatchewan's assessment system.

Sincerely yours

A. H. Hosie
Chairman
Saskatchewan Assessment Management Agency

Background

The Saskatchewan Assessment Management Agency was created on March 1, 1987 on recommendation of a commission formed to study issues related to local government finances. The commission reviewed existing assessment policies, outlined problems and recommended solutions.

According to the commission, local governments, the groups most affected by assessment issues, did not have formal participation in the development of policies and practices. Consequently there was a lack of understanding among local governments about assessment.

To remedy these problems the commission recommended that an independent agency be created to take over the assessment function. On March 1, 1987, legislation was enacted creating the Saskatchewan Assessment Management Agency. (S.A.M.A.)

Objectives

The Saskatchewan Assessment Management Agency is responsible for the valuation of all properties, businesses, equipment and special franchises in Saskatchewan, with the exception of those located in the cities of Moose Jaw, Prince Albert, Regina, and Saskatoon.

The Agency was created by *The Assessment Management Agency Act*, responsible to and under the direction of a Board of Directors.

The Act sets out the duties and responsibilities of the Saskatchewan Assessment Management Agency as follows:

(a) Establish and maintain valuations in a manner consistent with and in accordance with the standards pursuant to *The Rural Municipality Act, The Urban Municipality Act, 1984,* or *The Northern Municipalities Act.* This includes maintaining the assessment base in every municipality on a yearly basis or as required, as well as performing general reassessments dictated by legislative requirements.

(b) Supervise the administration of the assessment provisions of all municipal Acts. This includes information regarding courts/boards of revision, roll confirmation and interpretation of assessment provisions in various legislative Acts.

(c) Ensure the general public is adequately informed respecting assessment procedures.

The Act also provides that every municipality shall be reassessed at least once every seven years or at any other time the Saskatchewan Assessment Management Agency may order.

The Saskatchewan Assessment Management Agency provides equalized assessments when more than one level of value is in use.

Assessment Overview

Assessments are conducted on businesses and urban, rural and industrial properties. Assessments form the basis on which a tax is levied on property and business owners. Property taxes are levied in order to generate revenue for local governments, school boards, hospital districts and library boards.

Rural Land Assessment

On rural property, an assessment is based on the land's ability to generate income. The inherent characteristics of the soil's climate, texture and profile are rated and adjusted by both physical and economic limitations in the production process. This potential productivity is related to average market values for the 1961 - 1970 period, commonly referred to as 1965 values.

Urban Land Assessment

Urban land is assessed on a "modified market value" approach tied to 1965 values. In rural areas, intensive industrial land and non-intensive industrial land are each appraised at a uniform rate regardless of the municipality in which it is located. However, industrial land located within an urban centre is generally valued at the minimum commercial land value rate provided for that municipality.

Improvements

Improvements consist of buildings and structures placed on, over, or under land and anything permanently attached to those buildings. Improvements are valued apart from the land on which they are situated, at 50% of the depreciated replacement cost based on average cost for building materials at the 1965 level.

Business Assessment

For all communities except Saskatoon, the "occupied floor space" method is used to assess businesses. Average rates are determined for different kinds of businesses and converted to square footage rates with an adjustment according to the amenities in the community. Saskatoon uses the "rental value" method of business assessment. Assessments are arrived at by taking a percentage of the gross rent for business properties in the various locations in the community.

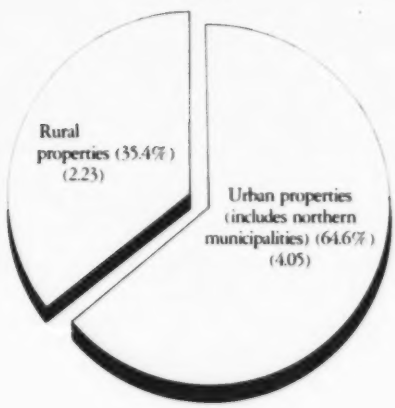
Organizational Chart

rovincial Assessment Profile, 1987

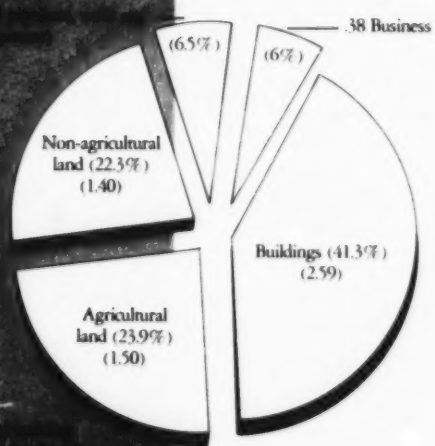
Property Distribution

r of assessable properties in
88,593.

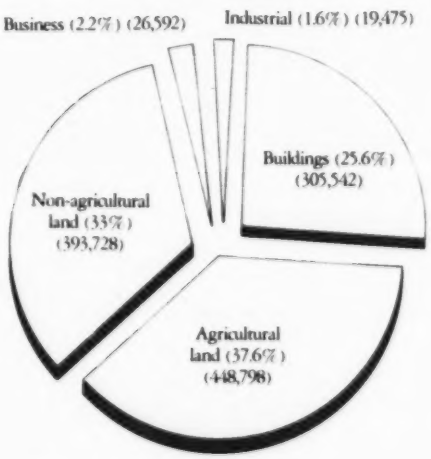
1987 Assessment Values by
Urban/Rural Distribution
($ Billions)



ssessment Values
lass of Property
($ Billions)



Total Number of Components by
Class of Property



The total number of assessable property components in the province is 1,194,135.

ent for all municipalities
s $6,273,683,012.

not represent
alue.

Policy and Research Branch

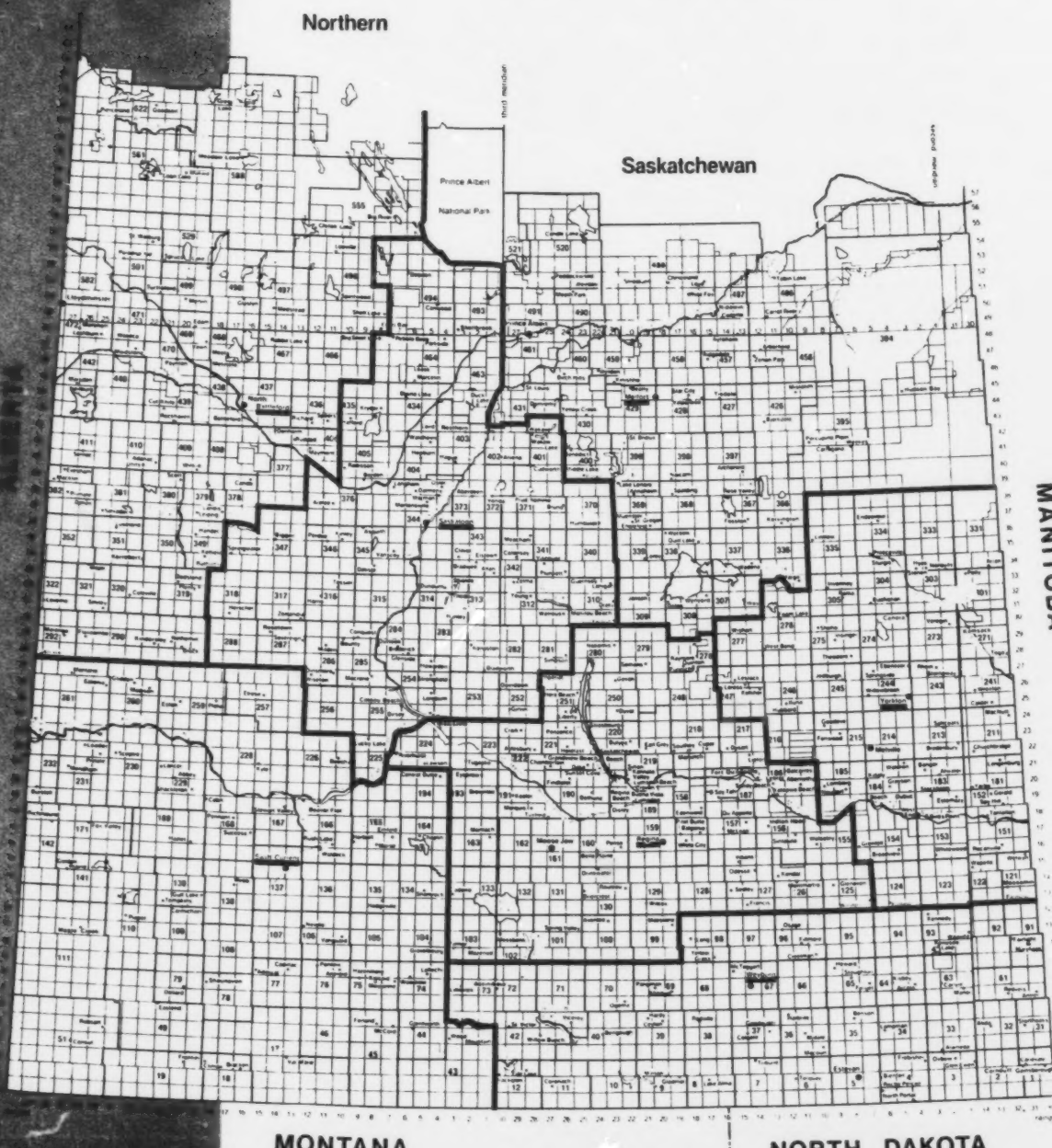
The Policy and Research Branch is responsible for the development of assessment policy recommendations and manuals. The Branch undertakes impact studies, collects and analyzes statistical data and develops methods for the equitable valuation of property and businesses.

Branch Highlights

Recognizing the importance of sound policy and research in the development of a fair assessment system, four additional staff were hired to work in policy analysis and research.

During the year under review the Policy and Research Branch developed a rural assessment model to forecast and evaluate potential tax shifts caused by changes in assessed values. Modelling capabilities will also help ensure equity among municipalities by providing the Agency with province-wide comparisons.

Regional Boundaries
Southern Saskatchewan



Produced by

Saskatchewan Urban Affairs

Operations Branch

The Operations Branch is responsible for the on-site management of seven regional offices located in Melfort, North Battleford, Saskatoon, Swift Current, Weyburn, Yorkton and Regina.

The mandate of the Branch is to revalue all categories of property, businesses and industrial equipment as set out in *The Rural Municipality Act, The Urban Municipality Act, 1984,* and *The Northern Municipalities Act* at least once every seven years.

The Branch is also responsible for conducting an annual maintenance program for all municipalities with the exception of Moose Jaw, Prince Albert, Regina and Saskatoon.

Branch Accomplishments

Emphasis was placed on increased ratepayer contact during the 1987 reinspection program. Appraisers demonstrated individual initiative in meeting this objective.

Urban Assessments

The following urban municipalities were reinspected during the year under review for use on the 1988 Assessment Roll:

Town of Ituna	Village of Spy Hill
Village of Spalding	Village of Zenon Park

The Branch also conducted maintenance valuations in all urban municipalities requiring revision.

The total confirmed aggregate urban assessment for 1987 is $4,009,992,599.

Northern Program

The majority of the leases in the Northern Administration District were inspected for the first time. This activity completed the Northern reassessment, begun in 1981.

The total 1987 aggregate assessment for northern municipalities is $38,185,260.

Assessor John Huffman consults with a ratepayer during an urban reinspection.

Rural Assessments

During the year under review 21 rural municipalities were reinspected for use on the 1988 Assessment Roll:

R.M. 66	R.M. 98	R.M. 318
R.M. 67	R.M. 105	R.M. 320
R.M. 68	R.M. 163	R.M. 343
R.M. 75	R.M. 219	R.M. 366
R.M. 76	R.M. 276	R.M. 368
R.M. 79	R.M. 285	R.M. 499
R.M. 96	R.M. 315	R.M. 529

Rural maintenance valuations were also conducted in all rural municipalities requiring revisions.

The total confirmed aggregate rural assessment for 1987 is $2,225,505,153.

Industrial Assessment

In 1987 the Agency conducted reinspections on the following industrial properties:

Oil and Gas Wells located in:	Pipeline located in:
R.M. 66	R.M. 66
R.M. 67	R.M. 67
R.M. 68	R.M. 68
R.M. 79	R.M. 79
R.M 318	R.M. 96
R.M. 320	R.M. 163
R.M. 499	R.M. 285
	R.M. 315
	R.M. 320

The Weyburn Inland Terminal in R.M. 67 was reinspected as well as the P.C.S. Allan Potash Mine and the Potash Corporation of America Mine in R.M. 343.

Assessor Chris Leader discusses the soil profile with a landowner during a rural reinspection.

ssessment Profile by Region

(these figures do not include the province's four major cities)

Number of Components by Region

Melfort	119,512
North Battleford	162,123
Regina	114,095
Saskatoon	152,289
Swift Current	154,860
Weyburn	107,728
Yorkton	116,228

Assessment Values by Region

Melfort	$442,638,325.
North Battleford	691,998,162
Regina	452,070,356.
Saskatoon	565,615,850.
Swift Current	519,602,317.
Weyburn	514,752,814.
Yorkton	519,608,975.

echnical Services Branch

The Technical Services Branch provides computer support services to the Agency. The Branch co-ordinates and audits all assessments in the province ensuring uniform and correct application of the assessment manuals. The Branch also provides information to government agencies and the public, including individual valuations.

The cities of Regina, Saskatoon, Moose Jaw and Prince Albert maintain their own assessment staff, however, the Agency is responsible for co-ordinating city assessments to ensure equity province-wide.

Branch Highlights

In order to increase the efficiency of processing assessment data and to facilitate large-scale research modelling, the Agency acquired a larger computer with increased capabilities.

To complement the increase in computer capabilities, the Branch hired five full-time, permanent employees involved in systems design and support.

Computer equipment was consolidated in Regina, allowing for more control over computer functions.

Administration Branch

During the year under review the Agency developed a fully functional Administration Branch. Prior to the inception of the Agency, this service was provided by various Provincial Government departments.

The Branch now provides central support services including budgeting, accounting, recruitment, classification, pay and benefits administration, contract negotiations and employee/employer relations.

The Branch is also responsible for facilitating internal and external communications, for providing educational opportunities to Agency employees, and for educating ratepayers, administrators and councillors/aldermen on the assessment process through workshops, seminars and meetings.

Human Resources

As of December 31, 1987 the Agency employed 139 people. Ninety-six employees worked out of the Agency's regional offices, with the remainder located in head office.

Branch Highlights

During this transition year the Branch successfully met the challenge of transferring unionized staff to a separate bargaining unit. A collective bargaining negotiation team was developed and trained.

An increase in the assessment budget provided the agency with the funds to create 31 new positions. This increase in manpower allowed assessors more time for ratepayer contact.

A communications strategy was developed to better inform municipal ratepayers of the new Agency's activities. A brochure introducing the Board was developed and distributed to municipalities. A visual display was created communicating the Agency's new approach to assessment. Delegates at the S.U.M.A., S.A.R.M. and S.S.T.A. annual conventions learned of the Agency's efforts to be consultative and accessible.

The Branch continued to facilitate educational opportunities for Agency employees. All supervisors participated in a supervisory skills course. New rural employees were given a two-week training course and a soils tour of the province. All new employees took a three-week urban course. To further develop communication skills, all field employees participated in an effective writing seminar.

Consultation with ratepayers is high priority as assessors Gerry Krismer and Ralph Swanson discuss the reinspection of Echo Lodge in Fort Qu'Appelle with Lodge Administrator A.E. Edwards.

Auditors' Report

Touche Ross & Co.
Chartered Accountants
1874 Scarth Street, Suite 1700
Regina, Saskatchewan S4P 4B3
Telephone: 306 525-8791

Touche Ross

The Board of Directors,
Saskatchewan Assessment
Management Agency

We have examined the balance sheet of the Saskatchewan Assessment Management Agency as at December 31, 1987 and the statements of revenues, expenses and surplus and changes in financial position for the ten month period then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Agency as at December 31, 1987 and the results of its operations and the changes in its financial position for the ten month period then ended in accordance with generally accepted accounting principles.

Touche Ross & Co.

Regina Saskatchewan,
March 4, 1988

Chartered Accountants

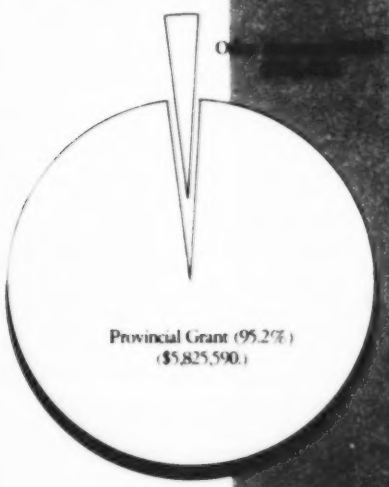
Financial Overview

Other revenue includes $114,374. requisitioned from municipalities. The dollar distribution is as follows:

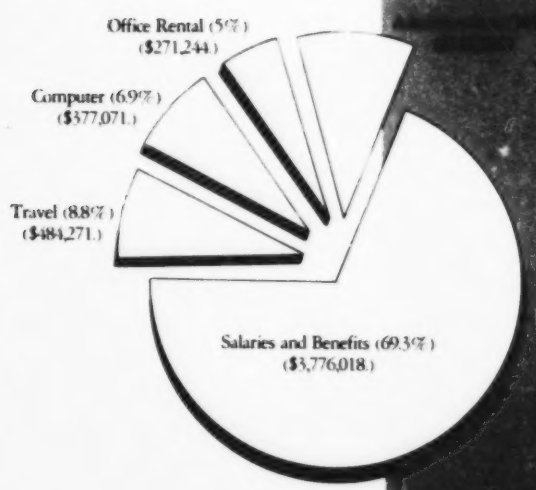
*Cities	$17,268.	(15.1%)
Towns	26,913.	(23.5%)
Villages	13,526.	(11.8%)
Northern Hamlets-	955.	(0.9%)
Rural Municipalities	55,712.	(48.7%)
	$114,374.	(100%)

* not including Moose Jaw, Prince Albert, Regina and Saskatoon.

1987 Revenues



1987 Expenses



The Agency completed the 1987 fiscal year with a surplus of $667,072. Approximately two-thirds of this surplus has been earmarked to fund 1988 budgetary expenditures.

Balance Sheet

as at December 31, 1987

Assets

Current assets	
Cash and temporary investments	$ 978,562
Accounts receivable	32,329
Prepaid expenses	2,167
	1,013,058
Fixed assets (Note 3)	615,836
	$ 1,628,894

Liabilities

Current liabilities	
Accounts payable	$ 368,969
Obligation under capital leases (Note 4)	208,675
	577,644
Non-current obligation under capital leases (Note 4)	384,178
	961,822

Surplus

Surplus	667,072
	$ 1,628,894

On behalf of the Board

A.H. Hosie
Director

K.L. Keuler
Director

Statement of Revenues, Expenses and Surplus

For the ten month period ended December 31, 1987

Revenue	
Province of Saskatchewan Operating grant (Note 5)	$5,825,590
Municipal requisitions	114,374
	5,939,964
Expenses	
Salaries and benefits	3,776,018
Travel and accommodation	431,395
Computer	377,071
Office	329,608
Rent - office	271,244
Depreciation	123,168
Rent - aircraft	52,876
Interest on capital leases	42,663
Professional	27,484
Insurance	10,311
Miscellaneous	8,183
Bank charges	1,969
	5,451,990
Excess of revenue over expenses, before other revenues	487,974
Other revenues	
Interest	98,860
Transition Agreement grant (Note 6)	65,500
Miscellaneous	14,738
	179,098
Excess of revenues over expenses, surplus for the period	$ 667,072

Statement of Changes in Financial Position

For the ten month period ended December 31, 1987

Sources of funds	
Excess of revenues over expenses	$667,072
Depreciation	123,168
Funds generated by operations	790,240
Increase (decrease) in funds due to changes in non-cash components of working capital	
Accounts receivable	(32,329)
Prepaid expenses	(2,167)
Accounts payable	368,969
Net funds generated by operations	1,124,713
External financing	
Obligation under capital leases	592,853
Investing activities	
Purchase of fixed assets	(20,439)
Acquisition of equipment under capital leases	(718,565)
Funds, end of period	$ 978,562

Notes to the Financial Statements

December 31, 1987

1. Commencement of operations

The Saskatchewan Assessment Management Agency was established on March 1, 1987 under the authority of *The Assessment Management Agency Act*.

2. Significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles, and reflect the following policies:

Investments

Investments are stated at the lower of cost and market value.

Accounts receivable

Amounts received from the Province of Saskatchewan under the terms of a transition agreement (Note 6) for reimbursement of employee travel advances have been recorded as a reduction of these advances.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated using the diminishing balance method.

Amounts received from the Province of Saskatchewan under the terms of a transition agreement (Note 6) for acquisition of fixed assets have been recorded as a reduction of the cost of these assets.

3. Fixed assets

	Rate	Cost	Accumulated depreciation	Net book value
Furniture and equipment	20%	$ 165,356	$ 3,225	$ 162,131
Computer equipment	20%	131,923	182	131,741
		297,279	3,407	293,872
Less transition grant (Note 6)		276,840	–	276,840
		20,439	3,407	17,032
Equipment under capital leases	20%	718,565	119,761	598,804
		$ 739,004	$ 123,168	$ 615,836

4. Obligation under capital leases

The following is a schedule of future minimum lease payments. All leases expire before December 31, 1992.

Year ending December 31, 1988	$ 261,373
1989	148,823
1990	106,167
1991	104,514
1992	62,788
Total minimum lease payments	683,665
Less imputed interest at 10.75%	90,812
Balance of the obligation	592,853
Portion due within one year	208,675
Non-current obligation, December 31, 1987	$ 384,178

5. Operating grant

Under Section 18 of *The Assessment Management Agency Act*, the Agency is entitled to receive an annual operating grant from the Province of Saskatchewan.

6. Transition agreement grant

Under the terms of a transition agreement signed between the Agency and the Province of Saskatchewan, a one-time grant was provided for the purchase of fixed assets and certain other expenses relating to the establishment of the Agency.

Grant received per transition agreement	$ 374,240
Less amount received for the acquisition of fixed assets	(276,840)
Amount received for the reimbursement of employee travel advances	(31,900)
Amount recognized as revenue	$ 65,500

7. Commitments

The Agency is currently negotiating five year leases with Saskatchewan Property Management Corporation for various office properties. The monthly payments for the length of the lease term will be approximately $31,185.